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BEFORE THE UNITED STATES  
DEPARTMENT OF TRANSPORTATION

DEPT. OF TRANSPORTATION  
DOCKET SECTION

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Joint Application of  
PAN AM CORPORATION  
And  
CARNIVAL AIR LINES, INC.

Docket OST-97-2787 - 6

For approval of transfer of route  
Authority under 49 U.S.C. 41105

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Joint Application of  
PAN AM CORPORATION  
And  
CARNIVAL CRUISE LINES, INC.

Docket OST-97-2786 - 6

For an exemption from the provisions  
Of 49 U.S.C. 41105

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Joint Application of

PAN AMERICAN WORLD AIRWAYS, INC. AND  
CARNIVAL AIR LINES, INC.

Docket OST-97-2885 - 8

For an exemption from Subparts K & S  
Of 14 C.F.R. Part 93 (slot restrictions  
At New York JFK International Airport)

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**PRAECIPE AND CONTINGENT INITIAL REPLY**  
**TO PAN AM AND CARNIVAL'S**  
**"CONTINGENT MOTION AND REPLY" TO**  
**MOTION AND OPPOSITION OF RICHARD BARTEL TO**  
**WAIVERS AND TRANSFERS OF ROUTE AUTHORITIES**

8 pp

I am in receipt of a pleading by Pan Am and Carnival entitled "Contingent Motion and Leave to File and Reply to Amended Opposition of Richard C. Bartel" dated October 17, 1997.

Since I have not received from the Department a grant of my previous Motion for Leave to File an Otherwise Unauthorized Document and Pleading, then the contingency for Pan Am and Carnival has not occurred.

Thus, I see no need at this time to formally and comprehensively reply to the "contingent" Response of Pan Am and Carnival. Upon receipt of the Department's grant of the filing of my previous pleading(s), and the grant of the filing of Pan Am and Carnival's Response, I will then file an additional Reply.

#### Preliminary Discussions

However, because Pan Am and Carnival's Response filing (incorrectly denominated as a "Reply" by Pan Am and Carnival) were widely reported in the aviation Press (Aviation Daily) this week, even though they have yet to be accepted for filing by the Department, I must at this time correct information for the public record regarding blatant personal attacks on me by Pan Am and Carnival (calculated to distract attention from their lack of financial arguments on continuing fitness).

First, I was not aware of the disastrous financial condition of Pan Am and Carnival until receiving the Proxy statement dated September 5, 1997 on September 12, 1997, and attending the shareholder meeting of Pan Am on

September 26, 1997. Therefore, the filing of these documents are clearly justified because both Pan Am and Carnival had withheld such information from the Department even though they had knowledge of the matters as early as June 30, 1997, an apparent violation of Departmental regulations requiring carriers to report information in a timely manner.

Second, my participation in the In Re ATX matter (Docket 48780) was fully in comport with the regulations as a Rule 14 party, and as the DOT staff is well aware, none of the parties to the ATX proceeding were spared from the commentary of the ATX ALJ Burton. No orders were entered finding that I had violated any departmental regulation or rule, and the removal of an "inflammatory" exhibit involved an exhibit not prepared by me but offered by a long list of potential witnesses who had asked me and Congressman Mac Collins (R-Ga) (another Rule 14 party) to call them to testify in the ATX proceeding. Thus Carnival and Pan Am mischaracterize the ATX proceeding and events in an effort to stain my efforts here.

Third, the Department has not adjudicated any of the information provided by me in the Pan Am 1996 certification proceeding (OST-96-1211), even though the Department's Inspector General was in fact inquiring into those matters (without contact with the Fitness Division, which did not even inquire of it own IG's office during its Fitness review) (ref: IG, Rick Beitel, II-2). There have been no hearing whatsoever on these matters.

During and since that time, contrary to the Department's unfounded statement that it "found no evidence whatsoever to support Mr. Bartel's

charges concerning ongoing investigations of Mr. Shugrue's activities and of the 'questionable transactions'" (Order 96-9-25 at 14), there is no doubt that there are and have been in fact many inquiries underway regarding those matters by the Department's own Inspector General (JI-2), the Federal Bureau of Investigation (Criminal Investigation Division, Economic Crimes Unit), Baltimore, Miami, and New York FBI squad(s)); the U.S. Attorneys' Office for the District of Miami, and the Securities and Exchange Commission in Washington and Miami, and the Racketeering division of the U.S.

Department of Labor (who has already classified one of Mr. Shugrue's business associates, Anthony Sarivola a/k/a Anthony Steele, now in Federal custody again, as an LCN figure, after investigation and interviews by the FBI office in Jacksonville, FL, the Attorney General of Florida, and the Sheriff of Jacksonville County, FL). Detailed information was not supplied by me to the DOT at that time so as not to impede or interfere with ongoing inquiries and investigations. I can supply the DOT Fitness Division with the names, addresses, and telephone numbers of investigators and agents from all involved agencies under a seal of confidentiality, if requested. I have already supplied such to the DOT's Inspector General, Investigations Division (JI-2).

Fourth, I am and have been in fact a licensed and bonded private investigator (DC) (not "self styled" as painted by Pan Am and Carnival) and have in fact been investigating bankruptcy matters relating to Eastern Air Lines', Bar Harbor, and Continental's bankruptcy, and now Carnival's bankruptcy option, with full knowledge of how sophisticated bankruptcy frauds occur, and in particular how serial and domino filings are used to create a smoke screen for asset stripping. (Continental had 52 subsidiaries

involved, after stripping Eastern). I believe that the principals here may be engaged in a similar scheme with Carnival and the Pan Am entities, and fully intend to cooperate with law enforcement authorities during the progress of my investigations. I have also testified twice before the National Bankruptcy Review Commission regarding such matters in general.

Fifth, I am not a "frequent participant in Departmental proceedings" (as far as I can remember, the ATX proceeding is the only one I have been involved in), and I do not sit at the DOT and watch filings. I believe that the filings, if not noticed in the Federal Register, have no public notice effect, and those would not comport to the Administrative Procedures Act (5 U.S.C. 553, et seq), et al..

Sixth, there is no final order of contempt regarding my participation in the Eastern airlines bankruptcy proceedings, as alleged. While I was out of the country (known to Eastern and Shugrue), Shugrue filed a Motion for contempt because I had filed a proof of claim derivatively against Continental's Estate in Delaware for the asset strippings of Eastern Airlines assets, since I am a small Eastern shareholder. (Such asset strippings were found by the court appointed Examiner to be at least \$400,000,000 prior to Eastern's bankruptcy filings). This occurred after I had been retained as an investigator regarding Eastern. Eastern's attempt at a contempt Order is still pending in the Second Circuit (Bartel v. Eastern Air Lines, Case No. 96-5105 (2nd Cir)), due to be heard in December, 1997. I am not only confident that there was no contempt, but I believe that the Bankruptcy court of Eastern had no such powers to begin with.

Seventh, the Proxy statement concerning a possible bankruptcy by Carnival is telling. No such language exists in the same Proxy statement section for the Pan Am entities.


With knowledge of Lorenzo-style asset stripping methods<sup>1</sup>, and the distinct signal in differing language between Carnival and Pan Am in the joint Proxy, and of the involvement between Shugrue and Lorenzo (see In Re ATX transcripts), and Shugrue's cherry picking of Eastern assets for Mr. Sicilian to park for him over several years, and other matters, it is not a stretch to expect that as soon as the DOT "approves" certain transactions, Carnival (now called Pan American Airways, Inc.) will likely file Bankruptcy (unless Pan Am Corporation actually assumes Carnival's debts with the required consent of the creditors of Carnival). Such a scenario would be consistent with the Continental and Eastern schemes. If Pan Am assumes Carnival's debt, then it will be even less able to meet continuing fitness requirements.

Eighth, Pan Am and Carnival stated that I have had a "personal vendetta" against Martin Shugrue (and John Sicilian?). A vendetta ? For what? I have never had any person or business dealing s with either of them<sup>2</sup> and certainly am not been grievously harmed by my measly 10 shares in Eastern and 10 shares in Pan Am (a total of \$250) (out of millions of shares

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<sup>1</sup> Well known to the Securities and Exchange Commission HQ (ref: Judith Starr, (202) 942-4868).

<sup>2</sup> I did act as co-pilot under cover on several flights with Martin Shugrue as passenger/guest of his business associate, Anthony Sarivola a/k/a Tony Steele, now in Federal custody, in March, 1990, just before Martin Shugrue became the Eastern Bankruptcy Trustee. During those flights and in hotel and airport meetings Mr. Shugrue discussed the asset stripping schemes anticipated here. (Ref: my debriefings by the FBI (Jacksonville) and the Florida Attorney General's office, and other materials, contemporaneously in 1990-1).

outstanding). My concern is the public policy and criminal law issues of asset stripping of bankruptcy estate(s) as a citizen and trained investigator *and shareholder.* 

Lastly, these pleading(s) do not ask the Department to adjudicate any matter which may inhibit any ongoing criminal investigations or inquiries, or which may permit a potential civil defendant to use the DOT proceedings as a "res judicata" or "collateral estoppel" defense in any way.

The objections on continuing fitness are based on the obvious fact that these entities do not have 90 days of operating capital on hand, and in fact may not have any capital on hand. Pan Am Corp's assertion that it is arranging \$115,000,000 in additional financing is the same story (to the dollar) used by Martin Shugrue in the Eastern Bankruptcy to induce creditors to approve a liquidation plan which allowed him to cherry pick tens of Millions of dollars of Eastern assets and aircraft to park them with his former employee, John Sicilian, for Shugrue's use. That use is now been implemented. No such financing ever happened at Eastern ("fly plan"), and any such inducement in Pan Am should be carefully verified by all parties, particularly M. Arison.

October 23, 1997



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Certificate of Service

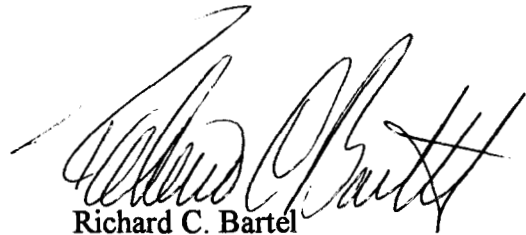
I, Richard C. Bartel, hereby certify that a copy of these attached Contingent Initial Reply were mailed to DOT and to the following on this 24th day of October, 1997 (same list as used in the Response by Pan Am and Carnival):

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